

CAMAS SCHOOL DISTRICT No. 117
Clark County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. Public Funds Were Misappropriated By A Former Camas High School Rally Squad Advisor

Our audit of the Camas School District revealed a misappropriation of at least \$7,306.82 in public funds from Associated Student Body (ASB) activities between June 1, 1994, and November 30, 1995, by a former high school rally advisor. No federal funds were involved in this case. The misappropriation of these funds occurred as described below.

- a. **Rally Squad Purchases)** The advisor collected moneys from students for various activities and merchandise purchases including: tennis shoes, warm-up suits, and numerous articles of clothing (uniforms) and expenses for a summer cheer camp. Some, but not all, of the billings for these purchases were paid by the advisor. The remaining unpaid balance due to vendors for rally squad purchases is \$6,996.82. The advisor normally collected this amount from students in advance of receiving the merchandise, and in some cases, several months before it was ordered.
- b. **Garage Sale Fund Raiser)** The advisor organized a garage sale ostensibly to benefit the Rally Squad, June 24 and 25, 1995. We did not find where the funds collected were ever deposited with the ASB bookkeeper as prescribed by the *ASB Club and Activity Procedures Manual* for Camas School District. When the ASB bookkeeper followed up on the previously approved garage sale fund raiser, the rally advisor indicated a parent group had taken over the garage sale and handled all revenues. We found no evidence of a parent group organizing this activity. According to information provided by the rally advisor, the sale generated \$310 in revenues.

The district became aware of these misappropriations when the vendors contacted the school district indicating that the billings were past due. We found that the rally advisor had inappropriately typed letters of authorization to vendors, on school district letterhead, in order to obtain merchandise. She also directed the vendors to send merchandise and billings to her home. Purchases of this kind and related cash receipting for the merchandise should only take place with proper authorization and according to controls established by the district.

RCW 42.20.070, Misappropriation and falsification of accounts by public officer, states:

Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or of any department of the state government or of any bureau or fund created

by law in which the people are directly or indirectly interested, or for or on account of any county, city, town, or any school, diking, drainage, or irrigations district who:

(1) Shall appropriate to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; of

(2) Shall knowingly keep any false account, or make any false entry or erasure in any account, of or relating to any money so received by him or her; or

(3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or

(4) Shall willfully omit or refuse to pay over to the state, its officer or agent authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage, or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him or her as such officer when it is a duty imposed upon him or her by law to pay over and account for the same, shall be punished by imprisonment in a state correctional facility for not more than fifteen years.

This fraud occurred because the district allowed the advisor to pursue this ASB activity outside the normal district cash receipting and accounting control processes established in the *ASB Club and Activity Procedures Manual*.

We recommend the following:

- Camas School District seek recovery of the misappropriated moneys and related audit and attorney costs from its insurance bonding company. Bond coverage for district employees is as follows:

Southwest Washington Risk Management Insurance Cooperative
Industrial Indemnity Company of the Northwest
Faithful Performance Blanket Position Coverage
Policy No. OB 912-8056
\$100,000, limit
September 1, 1993) August 31, 1996

- The Washington State Office of the Attorney General and the Clark County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement in this case must be approved in writing by the Attorney General and the State Auditor as directed by RCW 43.09.260.

We also recommend that all ASB activities be controlled and monitored by the district. The district should enforce proper regulation of ASB cash receipting, depositing, and purchasing to ensure effective internal controls for the protection of public assets.